GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2455
ANSWERED ON:11.03.2016
Corporate Social Responsibility
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Will the Minister of FINANCE be pleased to state:

(a) whether the public/private sector/foreign banks and insurance companies are being implementing the Corporate Social Responsibility initiatives;

(b) the details of the criterion and methodology for selecting beneficiaries by the banks in this regard;

(c) whether some of the private sector and foreign banks are not performing well in CSR as compare to public sector banks; and

(d) if so, the details thereof and the measures taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (c) : The mandatory provision of spending under CSR under the Companies Act 2013 is not applicable to Public Sector Banks (PSBs) except IDBI and BMB. However, PSBs do such spending under Reserve Bank of India guidelines on "Donations by Banks" vide circular DBOD.No.Dir.BC.15/13.01.01/2002-03 dated August 6, 2002, in terms of which banks can make donations during a financial year, aggregating up to 1 % of their published profit for the previous year. In case of loss making banks, they can make donations totaling Rs. 5.00 lakhs only in a financial year. It may be iterated that spending on donations by banks is voluntary in nature subject to respective Board's approval.

The donations are in the field of Health, Education, Sports and Games, Adoption of a girl child, Women's empowerment, Child development, Welfare and rehabilitation of poor and handicapped, Assistance to poor and underprivileged, Entrepreneur development programs, Vocational guidance, Thrust for assistance to IT Education in rural/tribal/unreached areas, Environment protection, Adoption, Maintenance, restoration of Historic/ heritage monuments, building including activities such as audio visual and son-et-lumiere shows, Assistance during natural calamities like flood/ droughts etc.

In terms of Section 135 of the Companies Act 2013, provisions of Corporate Social Responsibility extends to every company including public/private sector/ foreign banks and insurance companies having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more net profit of rupees five crore or more. The CSR Committee and Board of each such company are empowered to have the company's CSR policy formulated including identification of beneficiaries for its CSR programmes / projects.
(d) : Ministry of Corporate Affairs has issued clarificatory circular and Frequently Asked Questions (FAQs) dated 18.06.2014 and 12.01.2016 respectively to facilitate effective implementation of CSR and ensure compliance by companies under the legislation.

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